

## Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 AGR-10 PA-02 PRS-01 /079 W

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R 161207Z JUL 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 7189

INFO AMCONSUL BOMBAY

UNCLAS NEW DELHI 10470

E.O. 11652: N/A

TAGS: EAGR IN

SUBJECT: ABOLITION OF IMPORT DUTY ON EDIBLE OILS

REF: (A) LOU NEW DELHI 7471, (B) BOMBAY 1825

FOLLOWING SENT ACTION FAS/USDA WASHDC JUL 16 IS REPEATED

QUOTE

FROM AGATT FOR OILSEEDS AND PRODUCTS DIVISION, FAS/W

TOFAS 129

SUBJECT: ABOLITION OF IMPORT DUTY ON EDIBLE OILS

REF: (A) LOU NEW DELHI 7471, (B) BOMBAY 1825

1. THE GOI HAS DECIDED TO ABOLISH THE IMPORT DUTY ON EDIBLE OILS, EFFECTIVE AUGUST 1, TO EASE THE PRESSURE ON PRICES OF INDIGENOUS OILS. THE EXISTING RATE OF IMPORT DUTY IS 30 PERCENT ON RAPESEED OIL AND PALM OIL, AND 15 PERCENT ON SOYBEAN OIL.

2. ANNOUNCING THIS DECISION TO NEWSMEN AT NEW DELHI ON JULY 15, MR. Z.K. JOSEPH, EXECUTIVE DIRECTOR OF THE STATE TRADING

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CORPORATION (STC), THE PUBLIC SECTOR AGENCY THROUGH WHICH

IMPORTS OF EDIBLE OILS ARE CANALIZED, SAID THAT THE STC HELD A STOCK OF 46,000 TONS OF EDIBLE OILS AS OF MID-JULY AND IMPORTS OF ANY ADDITIONAL 79,000 TONS HAD BEEN ARRANGED FOR ARRIVAL BY OCTOBER-NOVEMBER THIS YEAR THIS SUPPLY SHOULD SUFFICE TO MEET THE VANASPATI (HYDROGENATED VEGETABLE OIL) INDUSTRY'S REQUIREMENT OF IMPORTED EDIBLE OILS AT THE INCREASED STATUTORY USE RATE OF 50 PERCENT FOR THE NEXT FIVE MONTHS.

3. UNDER A RECENT GOVERNMENT DIRECTIVE, THE VANASPATI INDUSTRY IS REQUIRED TO USE IMPORTED OIL TO THE EXTENT OF 50 PERCENT OF THEIR TOTAL OIL CONSUMPTION IN THE MANUFACTURE OF VANASPATI EFFECTIVE FROM JULY 15. THIS OBLIGATION WAS ONLY 10 PERCENT UP TO JUNE 30 AND 20 PERCENT DURING THE FIRST FORTNIGHT OF JULY. THE INDUSTRY'S REQUIREMENT OF IMPORTED EDIBLE OILS AT THE INCREASED RATE OF 50 PERCENT IS ESTIMATED AT 20,000 TONS PER MONTH.

4. MR. JOSEPH TOLD NEWSMEN THAT THE STC WILL SUPPLY IMPORTED OILS TO THE VANASPATI INDUSTRY AT PRICES RANGING FROM RS.5,000 TO 5,300 PER TON, AS AGAINST THE PREVAILING PRICE OF RS.6,400 FOR PEANUT OIL. THE OBJECTIVE IS TO REDUCE THE PRICES OF INDIGENOUS OILS WHICH HAVE SPURTED IN THE LAST TWO MONTHS, ESPECIALLY FOLLOWING INADEQUATE RAINFALL DURING JUNE IN THE PEANUT PRODUCING AREAS. MR. JOSEPH INDICATED THAT IMPORTS OF EDIBLE OILS WILL BE MADE TO BUILD A BUFFER STOCK.

5. IN OTHER MOVES TO CONTROL THE PRICES OF EDIBLE OILS, THE GOI PROHIBITED THE EXPORT OF HAND-PICKED-SELECTED PEANUTS EFFECTIVE JULY 14 AND THE RESERVE BANK OF INDIA INCREASED THE MINIMUM MARGINS ON BANK ADVANCES AGAINST PEANUT, RAPESEED, MUSTARDSEED, CASTORSEED, LINSEED, CASTOR OIL AND LINSEED OIL BY 10 TO 15 PERCENT. FOR THE FIRST TIME IN FIVE YEARS, ADVANCES AGAINST COTTONSEED AND COTTONSEED OIL HAVE BEEN BROUGHT UNDER THE SELECTIVE CREDIT CONTROL.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** OILS, IMPORT CONTROLS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 JUL 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976NEWDE10470  
**Document Source:** CORE  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760275-0193  
**From:** NEW DELHI  
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**Line Count:** 99  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 BOMBAY 1825  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** vogelfj  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 16 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <16 APR 2004 by ThomasVJ>; APPROVED <28 JAN 2005 by vogelfj>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ABOLITION OF IMPORT DUTY ON EDIBLE OILS  
**TAGS:** EAGR, IN  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006